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Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

April 1989

CONSUMERS SLIGHTLY LESS OPTIMISTIC

The Consumer Confidence Index, which registered a smart improvement in February, gave back more than half the gain in March. The latest Index (1985 = 100) reading is 117.7, a loss of some three points for the month. However, the series is still at a reassuringly high level.

In the March probe, people were somewhat less positive in their views of the ongoing situation and also moderately less optimistic in their outlook for the next six months. Buying plans were mixed.

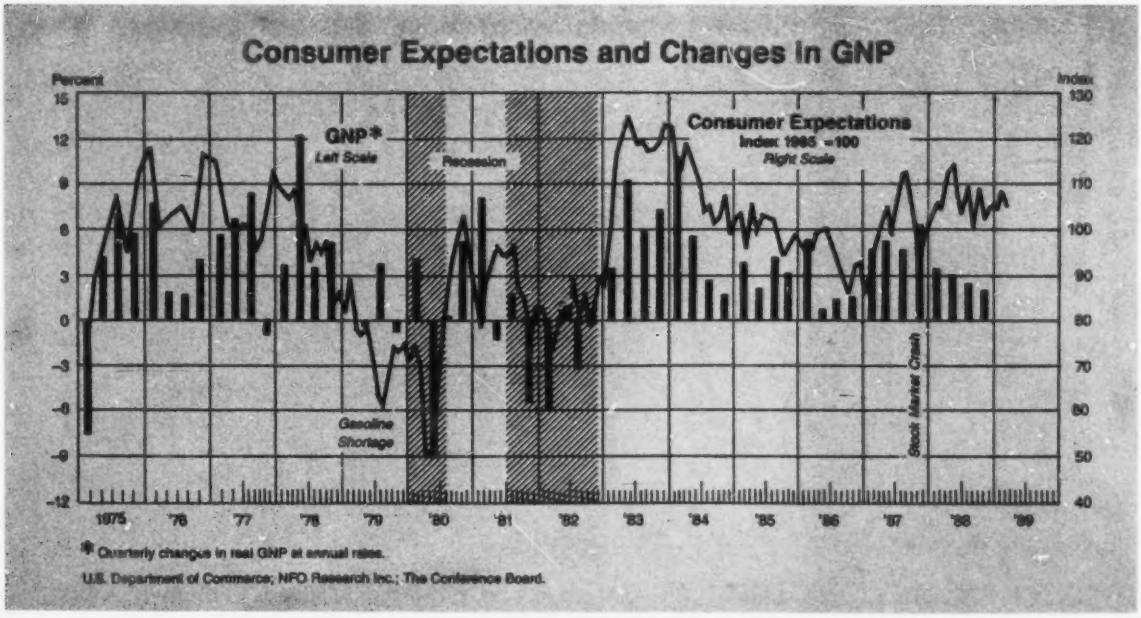
Somewhat fewer consumers now believe that business conditions are "good," 28.8% compared with a prior 30.6 percent. However, there has been a small decline in those that regard business conditions as "bad." On the issue of employment, slightly more respondents than last time—20.6%, up from 19.9%—complain that jobs are "hard to get."

In their expectations of what lies ahead in the next six months, consumers are also less sanguine. Now, only 17% expect business conditions to improve, a big drop from 21% previously. On the issue of employment prospects, opinion has not changed very much. Survey respondents are also marginally less sanguine in assessing their own financial prospects. Now, 24.6% believe that their incomes will increase in the immediate months ahead, off from 26.3% a month earlier.

Except for automobiles, buying plans have not changed significantly. In the last survey, 6.9% of respondents said that they would buy a car within the next six months, a loss of a full percentage point. Intentions to purchase a home are up marginally, but are running well below last year at this time. Also, interest in acquiring a major appliance is only moderately higher than previously.

Although consumer confidence was down last month, it edged off from a near-record level in February. In the framework of the historical record, consumers' spirits continue to be reassuringly strong. There is good reason for their optimism. The unemployment rate is lower than in years, and the number of people bringing home paychecks is more numerous than ever. Although inflation has accelerated, it is still too modest to be perceptible to most consumers. There is, however, increasing concern about interest rates. Some 80% now expect interest rates to increase over the next year. This is particularly worrisome for those planning to make a major purchase such as a home, and for those holding variable-rate mortgages or home equity loans.

Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Business | **Employment** | **Income**

All series seasonally adjusted.	1988 *Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1989 *Jan.*	*Feb.(r)*	*Mar.(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.7
Present Situation	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.6
Expectations	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	105.0
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.1	28.3	31.6	27.4	28.4	32.2	28.2	28.3	30.2	32.5	29.1	30.6	28.8
Bad	18.8	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.2	18.9	16.0
Normal	52.1	50.8	50.0	52.9	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.2
Employment													
Jobs plentiful	28.9	27.8	30.8	31.1	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.3	33.0
Jobs not so plentiful	47.0	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.4
Jobs hard to get	24.1	24.1	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.2	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.1
Worse	7.6	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.3	7.7
Same	72.2	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.6	71.8	75.2
Employment													
More jobs	15.8	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.2	17.1	17.0	16.0
Fewer jobs	14.0	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.5
Same	70.2	69.9	68.4	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.5
Income													
Increase	28.5	29.4	29.0	26.3	28.0	27.4	24.8	26.8	27.3	27.8	25.6	26.3	24.6
Decrease	6.7	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.0
Same	64.8	64.6	65.0	67.3	65.8	66.3	68.3	66.3	65.8	65.5	68.2	67.4	69.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.4	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.9	6.9
New	5.3	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.8	3.8
Used	3.3	3.1	3.3	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.6
Uncertain	0.8	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.5
Home													
Yes	4.7	3.5	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1
New	1.7	1.1	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.6
Lived in	2.1	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5
Uncertain	0.9	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.7	1.0
Major appliances													
Total plans	34.0	35.0	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.9	28.0	26.2	27.9
Refrigerator	5.4	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.6
Washing machine	4.4	5.3	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.1
TV Set	8.5	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.8	6.0
Vacuum Cleaner	5.9	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.7
Range	3.2	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.8	3.0	2.6	2.4
Clothes dryer	4.2	4.4	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.9	4.0
Air conditioner	2.4	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1
Carpet	9.5	6.2	8.7	7.6	7.1	7.7	8.2	6.2	6.6	6.6	6.8	5.4	6.2
Vacation Intended Within Six Months: Percent*													
Vacation Intended		49.7		48.5		51.6		49.1		48.5		45.3	
Destination													
U.S.		42.8		41.7		43.5		41.6		41.1		38.6	
Foreign country		9.3		9.3		10.1		8.7		8.8		8.1	
Means of travel													
Automobile		29.8		27.9		29.6		28.2		27.0		26.8	
Airplane		19.1		20.8		21.0		18.4		19.0		17.0	
Other		4.4		4.5		4.0		3.5		4.4		4.1	

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1988 Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.(r)	Mar.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.3	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8
Interest Rates													
Higher	58.9	58.0	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.8	80.1
Same	27.6	27.6	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.7
Lower	13.5	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.2
Stock Prices													
Increase	46.9	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.8
Same	34.6	33.6	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.5	33.9
Decrease	18.4	27.7	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.3

CONSUMER CONFIDENCE BY REGION

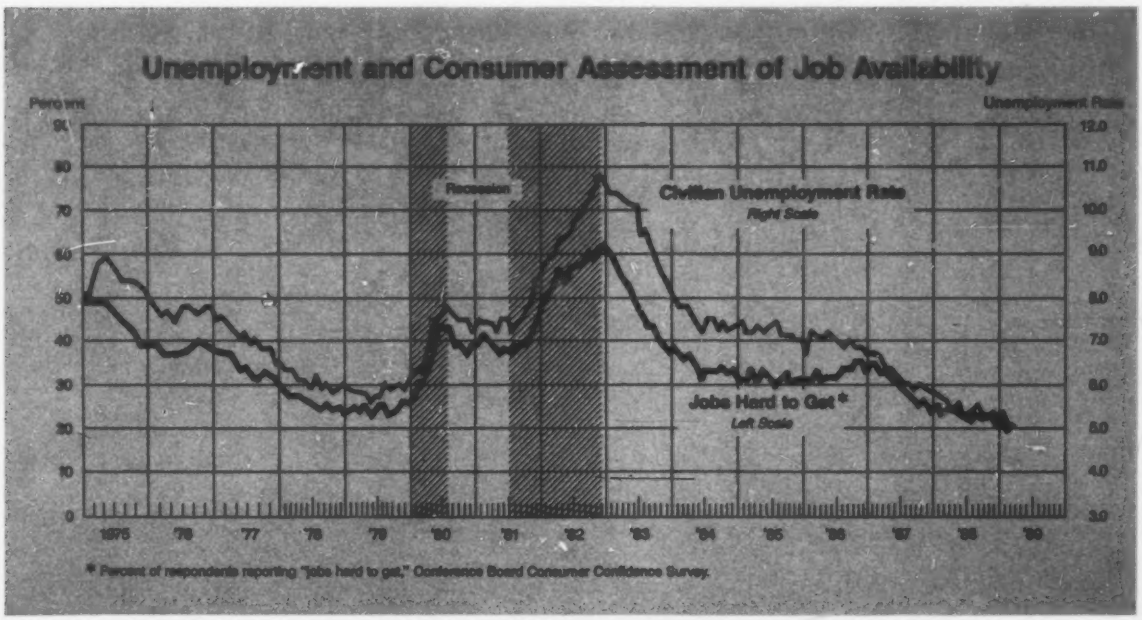
Seasonally unadjusted Index numbers:1985 = 100	1988 Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.(r)	Mar.(p)	AVERAGE Jan.-Mar. 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	152.4	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	140.7	135.5	149.5	142.7	153.7	142.6	- 7.2
Present Situation	200.0	203.7	203.0	207.0	199.5	201.4	204.9	201.3	198.0	205.6	189.5	203.7	198.3	200.5	197.2	- 1.7
Expectations	120.6	129.6	121.2	111.7	123.6	113.0	96.2	117.3	108.2	97.5	99.5	113.4	105.6	122.4	106.2	-13.3
MIDDLE ATLANTIC																
Consumer Confidence Index	122.0	123.6	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.9	122.1	124.9	118.7	117.1	121.9	4.1
Present Situation	143.9	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	164.0	147.1	153.4	143.0	140.8	147.8	5.0
Expectations	107.4	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.8	105.4	105.8	102.5	101.3	104.6	3.2
EAST NORTH CENTRAL																
Consumer Confidence Index	95.3	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.6	112.9	114.9	121.9	113.7	96.4	116.8	21.2
Present Situation	91.3	102.8	107.7	111.0	116.5	125.7	121.9	129.7	145.1	139.2	131.1	135.9	130.0	97.9	132.3	35.1
Expectations	97.9	104.7	109.4	96.6	81.5	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.8	95.4	106.5	11.6
WEST NORTH CENTRAL																
Consumer Confidence Index	87.6	99.1	88.4	91.4	76.0	70.7	86.3	97.5	88.6	93.4	98.9	100.3	99.3	91.8	99.5	8.4
Present Situation	69.4	82.9	93.8	97.6	91.3	74.6	96.6	99.4	97.4	103.9	106.1	91.6	97.8	77.3	98.5	27.4
Expectations	99.7	109.9	84.9	87.3	65.9	68.0	79.5	96.3	82.8	86.4	94.2	106.1	100.4	101.5	100.2	- 1.2
SOUTH ATLANTIC																
Consumer Confidence Index	136.7	138.7	142.2	138.2	138.6	141.2	138.0	142.4	139.1	133.5	131.7	134.5	135.8	136.1	134.0	- 1.5
Present Situation	165.3	161.9	168.9	163.8	168.6	172.8	170.2	175.3	170.6	175.4	167.5	167.0	169.7	163.4	168.0	2.9
Expectations	117.6	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.2	105.6	107.8	112.9	113.3	117.9	111.3	- 5.6
EAST SOUTH CENTRAL																
Consumer Confidence Index	109.8	96.8	115.0	97.1	84.4	105.9	102.3	108.7	102.1	94.3	107.2	108.5	114.2	107.8	110.0	2.1
Present Situation	94.0	79.1	97.9	93.4	74.6	100.3	99.2	99.2	102.1	104.9	96.2	89.7	102.8	93.1	96.2	3.3
Expectations	120.4	108.7	126.5	99.6	91.0	109.7	104.4	115.1	102.2	87.2	114.6	121.1	121.9	117.5	119.2	1.4
WEST SOUTH CENTRAL																
Consumer Confidence Index	69.7	75.3	77.9	78.5	80.5	80.1	74.8	83.8	67.3	79.7	84.6	83.8	76.4	75.4	81.6	8.2
Present Situation	20.1	22.6	34.6	30.8	30.1	31.0	29.3	42.4	27.4	34.5	30.1	35.2	27.4	26.5	30.9	16.6
Expectations	102.8	110.4	106.8	110.3	114.1	112.9	105.2	111.4	94.0	109.9	120.9	116.2	109.1	108.1	115.4	6.8
MOUNTAIN																
Consumer Confidence Index	94.6	87.5	94.4	85.4	80.3	92.8	76.9	92.4	91.8	106.1	76.5	86.7	103.3	87.2	88.8	1.9
Present Situation	77.8	57.5	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.9	50.0	43.7	78.5	66.3	57.4	-13.4
Expectations	105.8	107.6	104.6	96.2	92.7	103.4	81.6	100.0	108.6	116.3	94.1	115.4	119.8	101.1	109.8	8.5
PACIFIC																
Consumer Confidence Index	125.2	121.1	125.5	127.0	126.7	134.0	124.6	127.7	133.7	133.7	128.2	138.2	129.1	128.5	131.8	2.6
Present Situation	150.7	135.2	149.1	153.9	161.5	161.7	160.1	156.9	169.4	170.7	157.5	164.0	158.1	149.3	159.8	7.1
Expectations	108.3	111.7	109.7	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.6	121.1	109.8	114.7	113.2	- 1.3

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1988 Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	1989 Jan	Feb (r)	Mar (p)	3 mos. Percent Change*
TOTAL U.S.														
Consumer Confidence Index	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.7	1.5
Present Situation	124.5	120.2	129.0	*126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.6	2.9
Expectations	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	105.0	0.2
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	118.6	120.4	123.1	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.3	123.4	2.1
35-54	117.1	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.3	120.5	117.0	122.6	119.5	1.7
55 and over	98.7	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	0.3
Present Situation														
Under 35	128.0	127.1	129.9	130.1	134.5	147.0	138.2	134.9	135.9	143.5	133.5	143.6	138.9	4.5
35-54	131.9	124.5	140.3	129.9	130.5	143.8	127.2	126.2	130.8	143.5	134.8	139.1	138.0	2.3
55 and over	113.8	110.7	127.2	120.0	122.0	129.1	114.3	129.8	127.6	134.6	131.8	136.6	133.9	2.6
Expectations														
Under 35	112.3	116.0	118.7	115.7	112.4	116.1	109.7	112.5	109.0	112.3	109.7	111.4	112.8	0.0
35-54	107.4	116.4	116.2	111.2	107.0	109.9	100.8	111.6	103.1	105.3	105.1	111.3	107.0	1.1
55 and over	88.9	100.3	104.9	94.9	88.9	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.5	-1.5
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	83.7	89.8	94.1	88.4	82.1	88.7	87.7	91.6	87.8	92.5	94.0	92.2	95.0	3.4
$15,000-24,999	107.6	109.8	112.8	102.7	104.8	115.8	100.2	106.5	115.2	115.9	105.2	120.6	107.3	1.9
$25,000 and over	127.5	129.7	136.4	132.0	130.9	135.3	123.1	131.9	133.2	137.7	129.6	134.5	131.9	2.2
Present Situation														
Under $15,000	74.8	78.8	88.5	83.2	83.3	84.2	89.6	89.9	91.7	95.0	90.2	88.2	86.1	-0.8
$15,000-24,999	110.7	103.9	146.1	109.0	114.7	125.6	114.6	116.6	123.1	133.2	109.5	137.2	111.8	3.9
$25,000 and over	152.6	145.5	153.5	152.1	154.2	162.7	148.2	151.1	154.3	161.8	162.3	164.9	165.0	6.4
Expectations														
Under $15,000	88.7	97.0	97.9	92.1	81.5	91.0	86.4	93.3	85.2	91.3	96.1	93.8	93.6	5.1
$15,000-24,999	105.2	113.7	110.3	98.6	98.3	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.5	-0.9
$25,000 and over	111.4	119.4	123.4	118.5	115.3	116.9	107.2	118.1	107.4	111.5	108.4	114.8	110.4	-1.2

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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